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Office of The Ombudsman, Hong Kong

主動調查報告
Direct Investigation Report

政府對非法燃油轉注活動的規管
Government's Control of Illicit Fuelling Activities

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Executive Summary
Direct Investigation Report

Government's Control of Illicit Fuelling Activities

Introduction

The prevalence of illicit fuelling activities in Hong Kong has long been a matter of public concern. Premises carrying out such illegal operations (commonly known as "illegal filling stations") are found in various districts, and some of them are even close to residential neighbourhoods. These stations generally lack fire protection and firefighting equipment and pose fire safety threats to the public. Against this background, the Office of the Ombudsman launched this direct investigation to examine the Government's measures to combat illicit fuelling activities, with a view to exploring areas for improvement.

Our Comments

2. At present, the Fire Services Department ("FSD") combats illicit fuelling activities under relevant legislations (including the Fire Services (Fire Hazard Abatement) Regulation, Dangerous Goods Ordinance ("DGO") and Dangerous Goods (General) Regulations) from the fire safety perspective, mainly through surprise inspections, complaint handling and inter-departmental joint operations. To this end, FSD has set up an Anti-illicit Fuelling Activities Task Force ("Task Force"). Moreover, FSD combats the use of dangerous goods vehicles ("DGV") for illicit fuelling activities through the licensing regime for DGV. FSD also mounts publicity campaigns against such illicit activities through various channels and platforms.

3. After examining its work, we consider FSD to have conscientiously endeavoured, within the confines of existing legislation and manpower resources, to combat illicit fuelling activities through enforcement action and the licensing regime for DGV, so as to protect public safety. Nevertheless, illegal filling stations remain prevalent in view of their huge demand and profitability. To deter such operations and on the basis of existing legislation, we have identified the following areas for improvement in FSD's manpower resources, enforcement action, statutory penalties, and publicity and education.

Manpower Resources

4. The Task Force comprises only seven members, including a supervisor and other members divided into three teams. In 2020 each team conducted an average of around 1.17 inspections per working day. In addition to inspections, the Task Force is also responsible for gathering intelligence and conducting joint operations with relevant departments, mainly the Customs and Excise Department ("C&ED") and the Hong Kong Police Force ("HKPF"). However, there were as many as 350 black spots associated with illegal filling stations where the Task Force had carried out inspections and enforcement action. Constrained by relatively tight manpower, FSD should review the Task Force's existing staff establishment and, based on actual circumstances, explore the need for its adjustment through internal redeployment and/or seeking additional resources from the Government, so as to cope with its heavy workload.

Enforcement Action

5. In recent years, some illegal filling stations have been run in more flexible modes to evade FSD's enforcement action. For instance, the diesel for sale is stored in fuel tanks or barrels on board a goods vehicle, and the stock of diesel at the illegal filling station is kept below the statutory exempt quantity. We also notice that under the current DGV licensing regime, a licence holder intending to use his/her DGV for operating an illegal filling station could engage a third party to run the business on-site. This would make it difficult for FSD to establish the licence holder's involvement, thereby reducing the chance of licence suspension or revocation.

6. Concurrently with this direct investigation, FSD has been undertaking an exercise to amend the DGO and its subsidiary legislation. The amendments include reducing substantially the statutory exempt quantity for storage and conveyance of diesel from 2,500 litres to 500 litres. The amendments are expected to be implemented in the first quarter of 2022. We believe that such measure would be conducive to stepping up control of illicit fuelling activities by FSD. Nevertheless, given the various modes adopted by operators to evade regulation, coupled with the prevalence of illegal filling stations, FSD should continue to strengthen its enforcement efforts. We recommend that FSD, where manpower reallocation is practicable, consider increasing the frequency of surprise inspections and joint operations with C&ED and/or HKPF.

Penalties

7. Between 2016 and 2021 (up to 30 June), no offenders were sentenced to imprisonment after being convicted of participating in illicit fuelling activities. The maximum fines imposed by the court ranged from $5,000 to $50,000, which were insufficient to create an adequate deterrent effect in comparison with the profits derived from operating illegal filling stations. We are pleased to note that among the legislative amendments already made, the maximum levels of fines under relevant legislation have been amended to increase the deterrent effect. We recommend that FSD continue to monitor whether the amended penalties are effective in deterring illicit fuelling activities. Where the effect is unsatisfactory, FSD should timely consider further legislative amendments to raise the penalties.

Publicity and Education

8. We notice that FSD mainly relies on traditional media and platforms for publicity and public education, with less use of new media for enhancing the public's vigilance against illicit fuelling and encouraging them to report such activities. FSD's publicity and education initiatives are aimed at the general public, less often oriented to the potential customers of illegal filling stations, i.e. professional drivers. Hence, we recommend that FSD, on the basis of existing publicity campaigns, explore ways for diversifying the channels and methods of publicity and public education, with a view to encouraging the public to report illicit fuelling activities, and promoting awareness of the hazards posed by illegal filling stations among potential customers.

Exploring the feasibility of introducing control-at-source improvement measures

9. Our investigation shows that some oil companies in Hong Kong sell Euro V diesel[1] at wholesale prices to customers for their own use and distributors for resale. However, neither FSD nor the oil companies concerned have any idea about the identity of the clients purchasing diesel from the distributors. As such, even if the diesel is obtained for operating illegal filling stations, FSD would be unable to trace those cases. Moreover, the legislation enforced by FSD does not regulate, in any form, the supply and sale of dangerous goods (including Euro V diesel), nor does it empower FSD to mandate oil companies or distributors to provide client information for tracking the flow of transactions. In other words, under the existing regulatory framework, while FSD

[1] Euro V diesel is light diesel oil. According to the Environmental Protection Department's website, since 1 December 2007, Euro V diesel has been exclusively offered at all local fuel filling stations. Since 1 July 2010, the Government has tightened the statutory specifications of motor vehicle diesel to Euro V level.

has endeavoured to combat illicit fuelling activities, its hands are tied in terms of stemming the supply of fuels for illegal filling stations, and hence its effort can hardly tackle the root of the problem. To address the problem of illegal filling stations at root, a more effective approach is to attempt to stem the supply of fuels for these stations.

10. In our view, the Government may evaluate the effectiveness of the aforesaid improvement measures after implementation for a certain period of time. If the results are unsatisfactory, we recommend that the Government explore the feasibility of introducing control-at-source improvement measures, so as to combat illicit fuelling activities at the source of supply. The existing market of Euro V diesel involves many operators and stakeholders in the sector. When implementing the recommendation, the Government would need to achieve the effect of combating illicit fuelling activities at source on the one hand, and minimise the impact on the sector on the other. We appreciate that the formulation of related improvement measures would be complex, and their successful implementation may require the professional expertise and experience of multiple departments. Therefore, should the need for a study arise, we recommend that consideration may be given to the Security Bureau ("SB") in taking the lead to carry out the feasibility study. It may consider designating the responsibilities and duties of relevant departments, as well as setting up an inter-departmental collaboration mechanism. In undertaking the study in the future, SB may consider suitable arrangements having regard to the distribution market of diesel at that time.

Our Recommendations

11. In sum, this Office has made the following recommendations to FSD and SB:

FSD

(1) review the existing staff establishment of the Task Force and, based on the actual circumstances, explore the need for its adjustment to cope with the heavy workload;

(2) after implementing the recommendation in **paragraph 11(1)**, consider increasing the frequency of surprise inspections and joint operations with C&ED and/or HKPF;

(3) continue to review the amended penalties for greater deterrence against illegal fuelling activities; and

(4) explore ways for diversifying the channels and methods of publicity and public education, so as to encourage the public to report illicit fuelling activities and promote awareness of the hazards posed by illegal filling stations among potential customers.

SB

(5) review the measures in paragraph 11(1) to (4) after implementation for a certain period of time and, if the results are still unsatisfactory, explore the feasibility of introducing control-at-source improvement measures, so as to combat illicit fuelling activities at the source of supply.

Office of The Ombudsman
December 2021

1

INTRODUCTION

BACKGROUND

1.1 The prevalence of illicit fuelling activities in Hong Kong has long been a matter of public concern. Premises carrying out such illegal operations (commonly known as "illegal filling stations") are found in various districts, and some of them are close to residential neighbourhoods. These stations generally lack fire protection and firefighting equipment and pose fire safety threats to the public.

1.2 Against this background, The Ombudsman announced on 18 March 2021 the launch of a direct investigation pursuant to section 7(1)(a)(ii) of The Ombudsman Ordinance to examine the Government's measures to combat illicit fuelling activities, with a view to exploring areas for improvement or reinforcement.

SCOPE OF INVESTIGATION

1.3 The scope of this direct investigation covers:

- relevant legislation and administrative measures for combating illicit fuelling activities from the fire safety perspective;
- whether existing legislation and administrative measures are adequate for combating illicit fuelling activities; and
- any areas for improvement or reinforcement.

PROCESS OF INVESTIGATION

1.4 In this direct investigation, this Office has:

- examined information provided by the Hong Kong Fire Services Department ("FSD"), including enforcement statistics and inspection records;

- held meetings with the senior and frontline management of FSD;

- obtained information from other Government departments, including the Customs and Excise Department ("C&ED"), for reference;

- invited public views, examined submissions from members of the public [2] and discussed with some respondents in person or by telephone; and

- perused relevant news coverage.

1.5 On 11 October 2021, we issued a draft investigation report to the Security Bureau ("SB"), FSD and C&ED for comments. Upon considering and duly incorporating their comments, this final report was completed on 21 December 2021.

[2] This Office received ten public submissions in response to this direct investigation.

2

LEGISLATION FOR COMBATING ILLICIT FUELLING ACTIVITIES FROM FIRE SAFETY PERSPECTIVE

2.1 To combats illicit fuelling activities from the fire safety perspective, FSD takes enforcement action mainly by invoking the legislation below.

FIRE SERVICES (FIRE HAZARD ABATEMENT) REGULATION

2.2 Pursuant to section 19(1) of the Fire Services (Fire Hazard Abatement) Regulation (Cap. 95F of the Laws of Hong Kong), except otherwise prescribed, a person commits an offence if he has possession or control of a controlled substance in or on any premises for the purpose of a business of supplying the substance for transferring to the fuel tank of a motor vehicle. Offenders shall be liable on a first conviction to a maximum fine of $100,000 and imprisonment for six months, and on a subsequent conviction to a maximum fine of $200,000 and imprisonment for one year.

DANGEROUS GOODS ORDINANCE

2.3 Pursuant to sections 6(1) and 14(1) of the Dangerous Goods Ordinance (“DGO”) (Cap. 295 of the Laws of Hong Kong), it is an offence to store dangerous goods (“DG”) exceeding the exempt quantity without a valid licence. Offenders shall be liable to a maximum fine of $25,000 and imprisonment for six months. For instance, the current exempt quantity of diesel oils is 2,500 litres.

2.4 Section 9B stipulates that, notwithstanding any other liability which may arise under the provisions of the DGO or otherwise, it is an offence to breach any term or condition endorsed upon any licence issued pursuant to section 9, including the licence of dangerous goods vehicle ("DGV") for the conveyance of Category 2 (other than LPG) and/or Category 5 DG. On summary conviction, offenders shall be punishable by a fine not exceeding $10,000 and imprisonment not exceeding one month. Licensing conditions of DGV for the conveyance of Category 2 (other than LPG) and/or Category 5 DG are shown in **Appendix I**.

DANGEROUS GOODS (GENERAL) REGULATIONS

2.5 Pursuant to sections 99A(1) and 134(3) of the Dangerous Goods (General) Regulations ("DGGR") (Cap. 295B of the Laws of Hong Kong), no person shall store in liquid form any DG in Category 5, Class 3, except in a tank which has been approved by FSD. On summary conviction, offenders shall be liable to a maximum fine of $5,000 and imprisonment for two months.

2.6 Sections 121 and 134(5) further stipulate that no person shall fuel any vehicle directly from any tank wagon. Any person who contravenes this provision shall be guilty of an offence and liable on summary conviction to a fine of $5,000.

LEGISLATIVE AMENDMENTS

2.7 The Government has completed the phased amendments to the DGO and its subsidiary legislation to align the regulatory regime for DG with international standards. Among the amendments introduced by the Dangerous Goods (Amendment) Ordinance 2002 passed by the Legislative Council ("LegCo") in 2002, the Dangerous Goods (Control) Regulation and the Dangerous Goods (Application and Exemption) Regulation 2012 (Amendment) Regulation 2021 enacted in early 2021, and the Dangerous Goods (Miscellaneous Amendments) Bill 2021 passed by LegCo after the Third Reading in September 2021, the fine levels for offences under relevant legislation are amended with reference to Schedule 8 to the Criminal Procedure Ordinance (Cap. 221 of the Laws of Hong Kong). In particular, the maximum fines are raised to $100,000 under section 6(1) of the DGO (see **para. 2.3**), to $50,000 under section 9B of the DGO (see **para. 2.4**), and to $25,000 under section 121 of the DGGR (see **para. 2.6**). Moreover, the exempt quantity for storage and conveyance of diesel oils is

reduced from 2,500 litres (see **para. 2.3**) to 500 litres.

2.8 All the legislative amendments will come into operation on a day appointed by the Secretary for Security by notice published in the Gazette. The updated regulatory regime for DG is expected to be implemented in the first quarter of 2022.

3

STRATEGIES AND MEASURES FOR COMBATING ILLICIT FUELLING ACTIVITIES FROM FIRE SAFETY PERSPECTIVE

3.1 At present, FSD combats illicit fuelling activities from the fire safety perspective, mainly through surprise inspections (see **paras. 3.5–3.9**), complaint handling (see **paras. 3.11–3.14**) and inter-departmental joint operations (see **paras. 3.15 and 3.16**). It also takes enforcement action against illicit fuelling activities by invoking relevant legislation (see **Chapter 2**). To this end, FSD has set up an Anti-illicit Fuelling Activities Task Force ("Task Force") dedicated to this area of work.

3.2 Given that vehicles with a valid licence for conveying Category 5 DG are used for illicit fuelling activities, FSD currently tackles the irregularity under the DGV licensing regime (see **paras. 3.20–3.28**). FSD also mounts publicity campaigns against such illicit activities through various channels and platforms (see **para. 3.29**).

STAFF ESTABLISHMENT AND FUNCTIONS OF FSD'S TASK FORCE

Staff Establishment

3.3 The Task Force was set up in early 2015. At inception, it was formed by seven retired FSD officers reappointed under the Post-retirement Service Contract Scheme. In early 2018, FSD created permanent posts for the Task Force, and since then all its members have been serving FSD officers. Currently, the Task Force remains to have a staff of seven, including an Assistant Divisional Officer as supervisor

and the other six members divided into three teams. Each team comprises a Senior Station Officer/Station Officer and a Senior Fireman, with the Senior Station Officer/Station Officer acting as team leader.

Functions and Duties

3.4 The Task Force is mainly responsible for combating illicit fuelling activities. Its functions include gathering intelligence about such activities, conducting surprise inspections against black spots associated with illegal filling stations, handling relevant complaints, exchanging information and keeping close ties with other departments in this respect, and carrying out joint operations where necessary. In tandem with the Task Force, FSD's Dangerous Goods Enforcement Team ("DGET") and Fire Protection Task Force ("FPTF") also participate in and support surprise inspection and complaint handling (see **paras. 3.8 and 3.11**).

SURPRISE INSPECTIONS

Surveillance List of Illicit Fuelling Black Spots

3.5 Since its inception in 2015, the Task Force has compiled a surveillance list of illicit fuelling black spots ("Surveillance List"). It aims at facilitating the systematic surveillance of locations associated with illegal filling stations across the territory and their operation, thereby combating illicit fuelling activities more effectively. The Surveillance List is drawn up on the basis of the actual situation of each location, such as whether frequent complaints regarding the location are received from the public or referred by other departments; any illicit fuelling activities, or installations and equipment suspected of using for such purpose, are found on the spot during inspections; any unusually frequent passage or stoppage of DGVs at the spot; and whether the location has been involved in any prosecution cases against illicit fuelling activities. Adopting a risk-based approach, the Task Force makes timely reviews and updates to the Surveillance List subject to the intelligence gathered and information obtained in past inspections.

3.6 As at the end of February 2021, there were 350 black spots associated with illegal filling stations where the Task Force had carried out inspections and enforcement action, including 19 (5.4%) on Hong Kong Island, 30 (8.6%) in Kowloon and 301 (86%)

in the New Territories. Among all the illicit fuelling black spots, 76 were more active with higher risks, over 90% of which were in the New Territories.

Inspection Mechanism

3.7 Based on the Surveillance List, the Task Force's supervisor draws up a monthly list for the inspection of illicit fuelling black spots ("Inspection List"). The Surveillance List and Inspection List, both confidential, must be approved by the Dangerous Goods Division's Senior Divisional Officer and Divisional Officer and then passed to the Task Force's team leaders for arranging surprise inspections. Upon completion of each surprise inspection, the team leader has to submit an inspection report to the Task Force's supervisor for vetting.

3.8 Moreover, the DGET, another team of FSD dedicated to enforcement against unlicensed or illegal storage or conveyance of DG, carries out surprise inspections or enforcement action jointly with the Task Force against illicit fuelling black spots, and supports the Task Force's operations where necessary. The DGET also provides the Task Force with intelligence related to illicit fuelling activities, including any such suspicious activities detected during other inspections.

3.9 Between 2016 and 2021 (up to 30 June), the numbers of surprise inspections against illicit fuelling activities conducted by the Task Force and cases revealed via surprise inspections each year are tabulated below:

Table 1: Numbers of surprise inspections and illicit fuelling cases revealed via surprise inspections

Year	No. of surprise inspections	No. of illicit fuelling cases revealed via surprise inspections
2016	1,212	65
2017	1,256	69
2018	941	119
2019	974	73
2020	879	53
2021 (Jan to Jun)	508	19

3.10 Taking 2020 as an example, FSD's statistics show that each team of the Task Force conducted an average of around 1.17 inspections per working day. Apart from surprise inspections, the figure also includes inspections in response to complaints (see **paras. 3.11–3.13**).

COMPLAINT HANDLING

Division of Duties

3.11 In handling complaints related to illicit fuelling activities, FSD assigns the duties according to the time of receiving the complaints. Complaints received between 7 am and 5 pm on weekdays (i.e. Mondays to Fridays, excluding public holidays) are referred to the Task Force direct for follow-up action. Complaints received outside the above time frame are referred to the FPTF, a team of FSD working in shifts round the clock, for preliminary investigation, and then passed to the Task Force for further action.

Follow-up Procedures

3.12 FSD accords priority to complaints related to illicit fuelling activities. In general, FSD officers conduct inspection within 24 hours after receiving such complaint, and give the complainant a substantive reply within 12 working days. Where the complainant has specified the time of the activities, the location is inspected accordingly. Between 2016 and 2021 (up to 30 June), FSD met its performance targets in 100% of illicit fuelling complaint cases processed.

3.13 After each inspection in response to complaint, team leaders of the Task Force and the FPTF draw up and submit a Dangerous Goods Complaint Inspection Report to the Task Force's supervisor (who also holds the post of the FPTF's supervisor) and the Dangerous Goods Division's Senior Divisional Officer for vetting. This Office has scrutinised a random sample of six inspection reports on DG complaints dated between October 2020 and June 2021 submitted by the Task Force and the FPTF, and confirmed that site inspections were conducted by FSD officers within 24 hours in all cases. Moreover, the Task Force would consider whether to include the relevant locations in the Surveillance List (see **para. 3.5**) according to actual situations and inspection outcomes.

3.14 Between 2016 and 2021 (up to 30 June), the numbers of complaints regarding

illicit fuelling activities received by the Task Force and illicit fuelling cases revealed via such complaints are tabulated below:

Table 2: Numbers of complaints received and illicit fuelling cases revealed via complaints

Year	No. of complaints received	No. of illicit fuelling cases revealed via complaints
2016	225	26
2017	180	34
2018	142	13
2019	116	18
2020	214	28
2021 (Jan to Jun)	200	13

JOINT OPERATIONS

3.15 The Task Force's functions include gathering intelligence about illicit fuelling activities, exchanging information and keeping close ties with other departments, mainly C&ED and the Hong Kong Police Force ("HKPF"), and carrying out joint operations where necessary (see **para. 3.4**). In a joint operation, each participating department takes enforcement action within its purview according to actual situation.

3.16 Between 2016 and 2021 (up to 30 June), FSD conducted 39 and 41 joint operations with C&ED and HKPF respectively.

SITE INVESTIGATION AND FOLLOW-UP ACTION

3.17 In pursuing a case via surprise inspection, complaint handling or joint operation, FSD officers always take corresponding enforcement action (including prosecution) or arrange re-inspection based on actual situations and evidence obtained at the scene. The considerations include any sufficient evidence of illicit fuelling

activities being carried on, any storage of DG exceeding the statutory exempt quantity, any breach of licensing conditions by the DGV present, and any installations and equipment suspected of using for illicit fuelling activities found at the spot. Upon suspecting that an offence against the DGO or its subsidiary legislation has been committed, FSD officers would consider, according to actual situations, invoking the power under section 12 of the DGO to seize the DG and paraphernalia (such as oil barrels for fuel storage) at the site. Where necessary, FSD may apply to a magistrate pursuant to section 18 of the DGO for forfeiture of the illicit fuel and containers seized, whether any person has been charged with such offence or not.

3.18 Between 2016 and 2021 (up to 30 June), the quantity of illicit fuel seized by the Task Force during operations against illicit fuelling activities, and the numbers of prosecution cases and convicted cases are tabulated below:

Table 3: Quantity of illicit fuel seized and numbers of prosecution cases and convicted cases

Year	Illicit fuel seized (litre)	Prosecution	
		No. of prosecution cases	No. of convicted cases
2016	498,332	91	91
2017	492,667	103	103
2018	234,764	132	129
2019	212,035	91	89
2020	235,272	81	45 (31 cases in prosecution stage)
2021 (Jan to Jun)	53,067	32	24 (7 cases in prosecution stage)

3.19 Between 2016 and 2021 (up to 30 June), no prosecution cases against illicit fuelling activities (excluding cases still in prosecution stage) resulted in a custodial sentence after conviction. The maximum fines imposed in convicted cases are given below:

Table 4: Maximum fines imposed for offences in convicted cases

Relevant legislation (see **Chapter 2**)	Maximum fine imposed in convicted case under the legislation ($)
Section 19(1) of Fire Services (Fire Hazard Abatement) Regulation (Provision against possession of controlled substance)	50,000
Section 6(1) of DGO (Provision on quantity for storage of DG without a licence)	15,000
Section 9B of DGO (Provision on licensing conditions)	8,000
Section 99A(1) of DGGR (Provision on tank used for storage of DG in a category)	5,000
Section 121 of DGGR (Provision against fuelling of vehicle directly from tank wagon)	5,000

Table 5: Convicted cases involving repeat offenders

Relevant legislation (see **Chapter 2**)	Convicted cases involving repeat offenders
Section 19(1) of Fire Services (Fire Hazard Abatement) Regulation (Provision against possession of controlled substance)	4
Section 6(1) of DGO (Provision on quantity for storage of DG without a licence)	8
Section 9B of DGO (Provision on licensing conditions)	3

Section 99A(1) of DGGR (Provision on tank used for storage of DG in a category)	18
Section 121 of DGGR (Provision against fuelling of vehicle directly from tank wagon)	27

LICENSING REGIME FOR DANGEROUS GOODS VEHICLES

Licence Application

3.20 Any person who needs to use a vehicle to convey Category 2 (other than LPG) and/or Category 5 DG must first apply to FSD for a conveyance licence ("DGV licence") of Category 2 (other than LPG) and/or Category 5 DG. Applications can be made in a personal or corporate capacity with supporting documents, subject to screening by FSD (see **para. 3.21**). The vehicle is required to comply with the fire safety requirements issued by FSD and undergo compliance inspection. A flowchart showing the application procedures is at **Appendix II**.

3.21 After receiving an application for DGV licence, FSD will conduct background screening on the applicant and vehicle. The applicant is checked for any prior offences against the DGO (broadly including the DGO and the DGGR). Generally, if the applicant is found to have been convicted under the DGO, leading to revocation or suspension of DGV licence, FSD will reject the application. As regards the vehicle, FSD verifies whether it has been involved in illicit fuelling activities by matching its chassis and engine numbers. If a vehicle is found to have its DGV licence revoked or suspended by FSD in the past, FSD will request the applicant to declare in writing that he or she has no private or business dealings with the former licence holder. Where necessary, FSD will seek further details from the applicant and/or arrange an interview. In case FSD officers have grounds to believe that the applicant has allegedly concealed any private or business dealings with the former licence holder involved in illicit fuelling activities, they will consider referring the case to relevant enforcement authorities for further action.

Licence Renewal

3.22 Holders of DGV licences are required to apply to FSD for licence renewal

annually. If FSD discovers any non-compliance with the fire safety requirements during the process of licence renewal, or the licence holder fails to apply for renewal after expiry of the licence, FSD will not renew the licence.

3.23 In addition to the aforesaid, if FSD finds a DGV related to an offence against the DGO, it will launch in-depth investigation, such as asking the licence holder to attend an interview and provide a statement. During the interview, FSD officers will require the licence holder to demonstrate the ability to perform duties continuously, including formulating and implementing control measures as far as practicable to the satisfaction of FSD to ensure that the DGV will not be hired or borrowed for illegal use. After investigation, if FSD considers the licence holder to be incapable of performing duties, it will consider not renewing the DGV licence upon its expiry.

Licence Suspension

3.24 To combat illicit fuelling activities more effectively, FSD introduced in April 2018 a measure to suspend a DGV licence, generally for six months or until its expiry (whichever is the earlier). It is applicable to cases where FSD has found the DGV related to an offence against the DGO, with sufficient evidence that the licence holder is involved.

3.25 FSD will notify the licence holder by registered mail of its decision to suspend the DGV licence. The licence holder is required to surrender, within 14 days upon delivery of the notification, the originals of DGV licence and identification disc[3] to FSD by hand or by post. FSD will also immediately update the list of invalid DGV licences on its website. All oil companies are informed of such updates by email and reminded not to supply fuels to the vehicles on the list.

Licence Revocation

3.26 In case a DGV licence holder is convicted by the court of any offence against the DGO or the DGGR, FSD will consider revoking the licence. Before exercising such power, FSD will require a written statement from the licence holder to justify why FSD should not revoke the licence. After receiving the statement, if FSD considers the licence holder to have no valid justification, it will revoke the licence immediately and update the list of invalid DGV licences on its website. FSD will also notify the licence

[3] DGV licence holders are required to display the disc conspicuously on the registered vehicle's windscreen for identification of its licensed status. Samples identification disc are at **Appendix III**.

holder by registered mail of its decision to revoke the DGV licence. The licence holder is required to surrender, within 14 days upon delivery of the notification, the originals of DGV licence and identification disc to FSD by hand or by post.

3.27 To enable oil companies to identify more easily and cease the supply of fuels to vehicles whose DGV licences are suspended, effective from June 2020, FSD officers would confiscate a DGV's identification disc on the spot upon detecting its connection with illicit fuelling activities. After further investigation, if there is insufficient evidence that the licence holder is involved, FSD will return the identification disc to the licence holder. Even if the licence holder's involvement cannot be proved, should FSD find the licence holder to have failed to ensure as far as practicable that the DGV is not used for an illegal purpose, it will consider not renewing the DGV licence.

3.28 Between 2016 and 2021 (up to 30 June), the statistics on cases of application and renewal rejected, and DGV licence suspended and revoked each year due to the circumstances specified above (see **paras. 3.21, 3.23, 3.24 and 3.26**) are tabulated below:

Table 6: Cases of application and renewal rejected, and DGV licence suspended and revoked*

Year	Application rejected	Renewal rejected	Licence suspended	Licence revoked
2016	0	0	-	8
2017	0	0	-	8
2018	0	0	8[@]	12
2019	0	0	7	6
2020	0	3	7	7
2021 (Jan to Jun)	0	7	1	0

* Only including cases of application and renewal rejected, and DGV licence suspended and revoked due to the circumstances specified in **paragraphs 3.21, 3.23, 3.24 and 3.26**.

@ FSD introduced the measure to suspend DGV licences in April 2018 (see **para. 3.24**).

PUBLIC EDUCATION

3.29 On the front of public education, FSD has appealed to the public to refrain from patronising illegal filling stations and to report to FSD any suspicious activities. The various channels used in recent years included a publicity campaign on “Saying ‘No’ to Illegal Filling Stations”, media interviews of FSD officers and the TV programme *Police Magazine*.

Figure 1: FSD’s appeal via TV programme *Police Magazine*

4

OVERVIEW OF ILLICIT FUELLING PROBLEM IN HONG KONG

POTENTIAL HAZARDS OF ILLEGAL FILLING STATIONS

4.1 Currently, all legal filling stations in Hong Kong must comply with a wide range of fire safety requirements, covering fuel storage and refuelling devices, electricity, fire protection and firefighting equipment, provision of operational manuals with emergency procedures for filling station attendants, etc. However, illegal filling stations generally lack fire protection and firefighting equipment, and their refuelling devices (such as dispensing nozzles and pumps) may not meet safety standards. As such, the fuel stored at illegal filling stations, once catching fire accidentally, will produce a large volume of thick smoke and emit toxic gases. Moreover, if enclosed containers with fuel are exposed to an external fire source, the increase of internal pressure and expansion caused by heating may develop into a rupture, thereby exacerbating fire risk. In case of a fire, it will not only pose an immediate danger to persons operating and patronising the station, but also threaten the safety of passers-by and residents in the vicinity.

4.2 According to FSD’s records, there was a fire associated with illicit fuelling activities in Hong Kong between 2011 and 2020. That incident occurred in September 2014, where a man suffered severe burns and four vehicles parked at the scene were damaged.

PURVIEW OF FSD AND C&ED AND DIVISION OF DUTIES

Purview

4.3 To combat the illicit fuelling problem in Hong Kong, FSD takes enforcement action pursuant to the DGO and other fire safety legislation (see **Chapter 2**) from the perspective of fire safety.

4.4 C&ED, responsible for enforcing the Dutiable Commodities Ordinance ("DCO"), tackles illegal filling stations in Hong Kong from the perspective of protection and collection of tax revenue on dutiable goods. The DCO is applicable to four types of hydrocarbon oil products, two of which are commonly used as fuels in motor vehicles, i.e. light diesel oil and motor spirit, mainly used by goods vehicles and private vehicles respectively.

Light Diesel Oil

4.5 In the past, to clamp down on the sale of duty-not-paid light diesel by illegal filling stations for protection and collection of tax revenue on dutiable goods, and to ensure the compliance with relevant laws (including fire safety legislation administered by FSD) by end-users eligible to buy duty-paid light diesel, C&ED introduced a Self-regulatory Scheme on the Bulk Sales of Duty-paid Light Diesel Oil (referred to as "Green Card Scheme") in 2003. The scheme was jointly implemented with other departments, including FSD, and the then four local oil companies. A Green Card was issued for verification under the scheme. The scheme agreement stipulated that the oil companies would only supply duty-paid light diesel to Green Card holders. Companies could join the Green Card Scheme by submitting an application form to C&ED, together with their business registration certificate, registration documents of company vehicles, and proof of ownership or tenancy agreement for business premises (i.e. designated premises for storage of duty-paid light diesel). Before issuing a Green Card to corporate applicants, C&ED would scrutinise the documents and inspect the designated premises to confirm their compliance with all scheme conditions. Green Card holders were bound by an array of conditions, mostly related to fire safety, including no storage of diesel exceeding 2,500 litres without a valid DG licence, no engagement in a business of transferring diesel to the fuel tank of motor vehicles (except for self-use) without a valid DG licence, no fuelling of vehicles directly from any tank wagon, no transfer of diesel to the fuel tank of a motor vehicle except using an electric pump approved by FSD, etc. Green Card holders should deliver the duty-paid light

diesel retrieved from the oil depots of oil companies directly to the designated premises for storage.

4.6 Since the oil companies would supply duty-paid light diesel only to Green Card holders, any premises offering light diesel but failing to present a Green Card to C&ED were probably selling duty-not-paid light diesel. As such, C&ED could focus its resources on investigating premises without a Green Card to facilitate the raids on illegal filling stations, so as to protect and collect tax revenue from dutiable goods.

4.7 Moreover, C&ED conducted joint inspections with FSD from time to time. Any companies found in breach of the scheme conditions (see **para. 4.5**) would have their Green Cards cancelled. The oil companies would then be informed to cease supplying duty-paid light diesel to the non-compliant companies.

4.8 Upon the waiver of duty for Euro V diesel[4] by the Government on 14 July 2008, illegal filling stations selling Euro V diesel exclusively are no longer in breach of the DCO, and thus fall outside C&ED's purview. C&ED ended the Green Card Scheme in 2011. Subsequently, combating illicit fuelling activities falls on FSD from the fire safety perspective.

Motor Spirit

4.9 As regards combating illegal filling stations engaged in the sale of motor spirit, the purview of FSD and C&ED and their division of duties are as specified in **paragraphs 4.3 and 4.4**. Nevertheless, C&ED's data shows that illegal filling stations engaged in the sale of motor spirit are not active in Hong Kong. The main reasons are as follows:

(1) In the supply aspect, the motor spirit sold at illegal filling stations in Hong Kong mostly originates from filling stations in Mainland China. However, there is only a difference of $2 to $3 per litre in the retail price of motor spirit across the border. After deducting overheads such as rents, devices and wages, as well as factoring in the non-compliance risk, the profits derived from selling illicit motor spirit are not attractive.

[4] Euro V diesel is light diesel oil. According to the Environmental Protection Department's website, since 1 December 2007, Euro V diesel has been exclusively offered at all local fuel filling stations. Since 1 July 2010, the Government has tightened the statutory specifications of motor vehicle diesel to Euro V level.

(2) In the demand aspect, local oil companies have offered various concessions over recent years, further reducing the differential between the retail prices of motor spirit at authorised and illegal filling stations. Besides, fuel costs account for only a small share of the total outlay on using a vehicle (such as carpark expenses, licensing fees and auto insurance fees). The saving from using illicit motor spirit, with dubious quality and unknown source, is not significant. It might also cause damage to vehicle engines, and carry the risk of legal sanctions[5]. Due to the above factors, the demand for illicit motor spirit is low.

Types of Fuels Sold at Illegal Filling Stations

4.10 As seen from the cases handled by FSD and C&ED in recent years, most illegal filling stations in Hong Kong opted for selling light diesel.

4.11 Between 2016 and 2021 (up to 30 June), a vast majority of illicit fuelling cases detected involved light diesel, with only a small number involving motor spirit or other DG.

Table 7: Types of fuels or other DG involved in illicit fuelling cases

Year	No. of illicit fuelling cases*			
	Light diesel	Motor spirit	Excessive storage of other DG	Total
2016	88	0	3#	91
2017	101	2	0	103
2018	132	0	0	132
2019	91	0	0	91
2020	81	0	0	81
2021 (Jan to June)	30	2	0	32

* Including cases revealed via surprise inspections and complaint handling.
\# Including Kerosene, Organic Preparation and Isopropyl Alcohol.

[5] Pursuant to the DCO, it is an offence to deal with, sell, buy or use duty-not-paid motor spirit. Upon conviction, offenders are liable to a maximum fine of $1 million and to imprisonment for two years.

4.12 Information also shows that between 2016 and 2020, the number of illicit fuelling cases involving the sale of motor spirit raided by C&ED only ranged between 0 and 8 per year.

OPERATION OF ILLEGAL FILLING STATIONS

Demand

4.13 We note the wide media coverage on illegal filling stations in recent years. It is reported that the light diesel price listed by illegal filling stations is only half of market price or lower. Many professional drivers of goods vehicles find it attractive to patronise these stations for lower transportation costs. The huge demand for illicit light diesel has led to a lucrative business for station operators, which further induces them to participate in illicit fuelling activities.

Mode of Operation

4.14 From media reports, we also notice the following modes of operation adopted by some operators of illegal filling stations to evade FSD's enforcement action, thereby reducing the risk of legal sanctions:

(1) Some operators no longer use a licensed DGV directly for operating illegal filling stations. Instead, goods vehicles in smaller size (see **Figure 2**) are used to elude detection and increase mobility, allowing the operators to flee from the scene quickly once any alarm is raised and/or switch to another location to continue operating. Further, this can reduce the chance of being caught red-handed in using a DGV, which can result in suspension or revocation of DGV licence (see **paras. 3.24 and 3.26**), and avoid violation of section 9B of the DGO for breaching the licensing conditions (see **para. 2.4**).

(2) The light diesel for sale is stored in fuel tanks or barrels on board a goods vehicle (see **Figures 3 and 4**). When patronised by customers, light diesel is transferred from fuel tanks or barrels to customer vehicles, so as to avoid violation of section 121 of the DGGR about fuelling a vehicle (see **para. 2.6**).

(3) The stock of light diesel at the illegal filling station is kept below the statutory exempt quantity of 2,500 litres to avoid violation of the requirement on storage quantity under section 6(1) of the DGO (see **para. 2.3**), and to minimise the loss caused by seizure of fuel during the raids conducted by FSD. These illegal filling stations are mostly operated from a goods vehicle in smaller size. When the diesel is about to run out, another vehicle will come to the site to replenish the fuel tanks or barrels on board the goods vehicle. Alternatively, the goods vehicle can be driven away to another location for restocking.

Figure 2: A goods vehicle used for operation of illegal filling station (Photograph provided by FSD)

Figure 3: Fuel tanks inside a goods vehicle for storage of light diesel for sale (Photograph provided by FSD)

Figure 4: Oil barrels inside a goods vehicle for storage of light diesel for sale (Photograph provided by FSD)

Fuel Sources

4.15 C&ED's data shows that, since the waiver of duty for Euro V diesel by the Government on 14 July 2008, the smuggling of dutiable light diesel from the Mainland into the local black market for sale, and the illegal use of marked oil (commonly known as "red oil")/detreated oil as fuels for motor vehicles have gradually diminished. To the knowledge of C&ED, the light diesel supplied by illegal filling stations in Hong Kong is Euro V diesel legally purchased from local oil companies at wholesale price.

4.16 In this regard, a source from the industry told us that some oil companies in Hong Kong sell Euro V diesel not only at retail price via their filling stations, but also at wholesale price directly to customers for their own use (such as companies with their own vehicle fleets) and to distributors for resale. However, the oil companies are not involved in the resale of diesel by distributors to whatever customers, nor can they track the circulation of diesel after purchase by distributors. Analysis shows that the diesel sold by illegal filling stations in Hong Kong probably originates from distributors.

4.17 To FSD's understanding, the distribution market of Euro V diesel involves a complex, variable and multilevel supply chain. The diesel sold by an oil company to a distributor can circulate through various distributors before delivery to end-users. The end-users can also act as distributors any time. Therefore, it is difficult to estimate the actual number of distributors. FSD combats illicit fuelling activities by taking

enforcement action from the fire safety perspective (see **para. 3.1**). It is not empowered by legislation to mandate oil companies or distributors to provide client information for tracking the flow of transactions after the diesel is sold to distributors. In other words, if any persons purchase Euro V diesel from distributors for resale at illegal filling stations, neither FSD nor the oil companies concerned will have any means to trace those cases.

4.18 Moreover, while FSD is empowered by fire safety legislation (see **Chapter 2**) to take enforcement action against illicit fuelling activities, those provisions are enacted from the fire safety perspective. The legislation does not regulate, in any form, the supply and sale of DG. As such, the distribution of Euro V diesel is not in itself an offence under any existing legislation.

5

COMMENTS AND RECOMMENDATIONS

PREAMBLE

5.1 Due to the potential threats posed to fire safety, the prevalence of illegal filling stations has long been a matter of public concern and received wide media coverage. Although Hong Kong has seen only one fire incident associated with illicit fuelling activities in recent years (see **para. 4.2**), the inherent fire risks of illegal filling stations (see **para. 4.1**) should not be overlooked.

5.2 After examining its work against illicit fuelling activities (see **Chapter 3**), we consider FSD to have conscientiously endeavoured, within the confines of existing legislation and manpower resources, to combat such irregularities through enforcement action and the DGV licensing regime, so as to protect public safety. FSD is commendable for its effort and commitment. Nevertheless, illegal filling stations remain prevalent in view of their huge demand and profitability. Unscrupulous operators have in recent years transformed their mode of operation to circumvent FSD's control measures (see **para. 4.14**), making it more difficult for FSD to perform its duties. In light of our findings, we have identified, on the basis of existing legislation, the following areas for improvement in FSD's manpower resources, enforcement action, statutory penalties, and publicity and education.

OUR COMMENTS

Manpower Resources

5.3 FSD has set up the Task Force dedicated to combating illicit fuelling activities. However, the Task Force comprises only seven members (see **para. 3.3**),

including a supervisor and other six members divided into three teams to undertake all inspection duties, including surprise inspections and inspections in response to complaints. While other FSD teams also participate in and support surprise inspection and complaint handling (see **paras. 3.8 and 3.11**), FSD's statistics show that each team of the Task Force conducted an average of around 1.17 inspections per working day in 2020 (see **para. 3.10**). In addition to inspection duties (including preparation and follow-up action before and after each inspection), the Task Force is also responsible for gathering intelligence about illicit fuelling activities, exchanging information and keeping close ties with other departments in this respect, and carrying out joint operations where necessary (see **para. 3.4**).

5.4 According to FSD's information, there are as many as 350 black spots associated with illicit fuelling activities in Hong Kong. They are not only numerous, but also widely distributed across the territory. Of them, the number of more active black spots with higher risks is no less than 76 (see **para. 3.6**). Constrained by relatively tight manpower, FSD should review the Task Force's existing staff establishment and, based on actual circumstances, explore the need for its adjustment through internal redeployment and/or seeking additional resources from the Government, so as to cope with its heavy workload.

Enforcement Action

5.5 At present, FSD combats illicit fuelling activities from the fire safety perspective, mainly by raiding illegal filling stations pursuant to relevant legislation (see **Chapter 2**). Moreover, given that DGVs are used for operating illegal filling stations, FSD also tackles the irregularity under the DGV licensing regime (see **paras. 3.20–3.28**).

5.6 Nevertheless, where a DGV is found related to an offence against the DGO, FSD cannot suspend the DGV licence without proof that the licence holder is involved (see **para. 3.24**). As for licence revocation, it is conditional on conviction of the licence holder by the court of an offence against the DGO or the DGGR (see **para. 3.26**). Hence, a licence holder intending to use his/her DGV for operating an illegal filling station could engage a third party to run the business on-site. This would make it difficult for FSD to establish the licence holder's involvement, thereby reducing the chance of licence suspension or revocation.

5.7 Besides, we notice that some illegal filling stations have been run in more

flexible modes in recent years to evade FSD's enforcement action. For instance, the light diesel for sale is stored in fuel tanks or barrels on board a goods vehicle with no fuelling of customer vehicles directly from a tank wagon, thereby avoiding violation of section 121 of the DGGR (see **para. 4.14(2)**). The stock of light diesel at the illegal filling station is also kept below the statutory exempt quantity of 2,500 litres to avoid violating section 6(1) of the DGO (see **para. 4.14(3)**).

5.8 While this direct investigation was on-going, FSD was undertaking an exercise to amend the DGO and its subsidiary legislation to align the regulatory regime for DG with international standards. The amendments include reducing substantially the statutory exempt quantity for storage and conveyance of diesel from 2,500 litres to 500 litres (see **paras. 2.7 and 2.8**). We believe that the amendments would be conducive to stepping up control of illicit fuelling activities by FSD. This shows that FSD has endeavoured, within the confines of existing legislation and manpower resources, to take enforcement action and administrative measures against illicit fuelling activities. Nevertheless, the various modes adopted by operators to evade regulation make it more challenging for FSD to perform its duties. As illegal filling stations remain prevalent, FSD should continue to strengthen its enforcement efforts. We recommend that FSD, where manpower reallocation is practicable (see **para. 5.4**), consider increasing the frequency of surprise inspections and joint operations with C&ED and/or HKPF for higher chance of successful prosecution, including more decoy operations with C&ED and/or HKPF to gather information/evidence in suitable circumstances.

Penalties

5.9 Illegal filling stations sell light diesel at a price much lower than the market price, rendering them attractive to professional drivers and generating robust demand. Unscrupulous operators are induced by the highly lucrative business (see **para. 4.13**) to bear the risk of legal sanctions. FSD's data shows that, between 2016 and 2021 (up to 30 June), no offenders were sentenced to imprisonment after being convicted of participating in illicit fuelling activities under relevant legislation. The maximum fines imposed by the court ranged from $5,000 to $50,000 (see **Table 4, para. 3.19**), which were insufficient to create an adequate deterrent effect in comparison with the profits derived from operating illegal filling stations.

5.10 We are pleased to note that among the legislative amendments already made, the maximum fine levels under relevant legislation have been amended (see **para. 2.7**)

to maintain the much needed deterrent effect. We recommend that FSD continue to monitor whether the amended penalties are effective in deterring illicit fuelling activities. Where the effect is unsatisfactory, FSD should timely consider further legislative amendments to raise the penalties.

Publicity and Education

5.11 On the front of public education, FSD has appealed to the public to refrain from patronising illegal filling stations and to report to FSD any suspicious activities. The various channels used included publicity campaigns, media interviews of FSD officers and a TV episode of *Police Magazine* produced jointly with HKPF (see **para. 3.29**). We also notice that FSD mainly relies on traditional media and platforms for publicity and public education, with less use of new media for enhancing the public's vigilance against illicit fuelling and encouraging them to report such activities. FSD's publicity and education initiatives are aimed at the general public, less often oriented to the potential customers of illegal filling stations, i.e. professional drivers. Hence, we recommend that FSD, on the basis of existing publicity campaigns, explore ways for diversifying the channels and methods of publicity and public education, with a view to encouraging the public to report illicit fuelling activities, and promoting awareness of the hazards posed by illegal filling stations among potential customers.

Exploring the Feasibility of Introducing Control-at-source Improvement Measures

5.12 Our investigation shows that some oil companies in Hong Kong sell Euro V diesel at wholesale prices to customers for their own use and distributors for resale. However, neither FSD nor the oil companies concerned have any idea about the identity of the clients purchasing diesel from the distributors (see **paras. 4.16 and 4.17**). As such, even if the diesel is obtained for operating illegal filling stations, FSD would be unable to trace those cases. Moreover, the legislation enforced by FSD (see **Chapter 2**) does not regulate, in any form, the supply and sale of DG (including Euro V diesel), nor does it empower FSD to mandate oil companies or distributors to provide client information for tracking the flow of transactions (see **paras. 4.17 and 4.18**). In other words, under the existing legal framework, while FSD has endeavoured to combat illicit fuelling activities, its hands are tied in terms of stemming the supply of fuels for illegal filling stations, and hence its effort can hardly tackle the root of the problem. To address the problem of illegal filling stations at root, a more effective approach is to attempt to stem the supply of fuels for these stations.

5.13 In our view, the Government may evaluate the effectiveness of the aforesaid improvement measures after implementation for a certain period of time. If the results are unsatisfactory, we recommend that the Government explore the feasibility of introducing control-at-source improvement measures, so as to combat illicit fuelling activities at the source of supply. The existing market of Euro V diesel involves many operators and stakeholders in the sector. When implementing the recommendation, the Government would need to achieve the effect of combating illicit fuelling activities at source on the one hand, and minimise the impact on the sector on the other. We appreciate that the formulation of related improvement measures would be complex, and their successful implementation may require the professional expertise and experience of multiple departments. Therefore, should the need for a study arise, we recommend that consideration may be given to SB in taking the lead to carry out the feasibility study. It may consider designating the responsibilities and duties of relevant departments, as well as setting up an inter-departmental collaboration mechanism. In undertaking the study in the future, SB may consider suitable arrangements having regard to the distribution market of diesel at that time.

OUR RECOMMENDATIONS

5.14 In sum, this Office makes the following recommendations to FSD and SB:

FSD

(1) review the existing staff establishment of the Task Force and, based on the actual circumstances, explore the need for its adjustment to cope with the heavy workload (see **para. 5.4**);

(2) after implementing the recommendation in **paragraph 5.14(1)**, consider increasing the frequency of surprise inspections and joint operations with C&ED and/or HKPF (see **para. 5.8**);

(3) continue to review the amended penalties for greater deterrence against illicit fuelling activities (see **para. 5.10**); and

(4) explore ways for diversifying the channels and methods of publicity and public education, so as to encourage the public to report illicit fuelling

activities and promote awareness of the hazards posed by illegal filling stations among potential customers (see **para. 5.11**).

SB

(5) review the measures in **paragraphs 5.14(1) to (4)** after implementation for a certain period of time and, if the results are still unsatisfactory, explore the feasibility of introducing control-at-source improvement measures, so as to combat illicit fuelling activities at the source of supply (see **paras. 5.12 and 5.13**).

ACKNOWLEDGEMENTS

5.15 The Ombudsman thanks SB, FSD, C&ED and other respondents for their cooperation and views in the course of this investigation.

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Appendices

Appendix I

Licensing Conditions
for Conveyance of Category 2 (Other than LPG) and/or Category 5 Dangerous Goods

1. The licence is the property of the Government of the Hong Kong Special Administrative Region and must be surrendered upon cancellation. On cancellation, neither the licence fee nor any part thereof shall be returned unless the Chief Executive in Council otherwise directs.

2. This licence is NOT transferable.

3. The disc issued with this licence by the Licensing Authority shall be prominently displayed on the windscreen of the registered vehicle and the licence must be produced within 72 hours on demand by any person authorised by the relevant legislation.

4. The vehicle shall at all times fully comply with the requirements of the Licensing Authority.

5. Only the category of dangerous goods specified in the licence shall be conveyed on the approved vehicle at any one time. No other goods of any description shall be conveyed together with dangerous goods.

6. No alterations shall be made to any part of the licence except by the Licensing Authority.

7. This licence may be renewed for further periods not exceeding 12 months. Such renewal shall be subject to the vehicle being licensed by the Transport Department and the production of a certificate of roadworthiness valid for the period concerned in respect of the vehicle from that Department and, to the same conditions herein stated and any further conditions which the Licensing Authority may impose.

8. The grant of the licence does not in any way exempt the licensee from the consequence of non-compliance with or breach of the provisions of any other legal enactment.

9. The vehicle shall not be left unattended at any time when carrying Dangerous Goods.

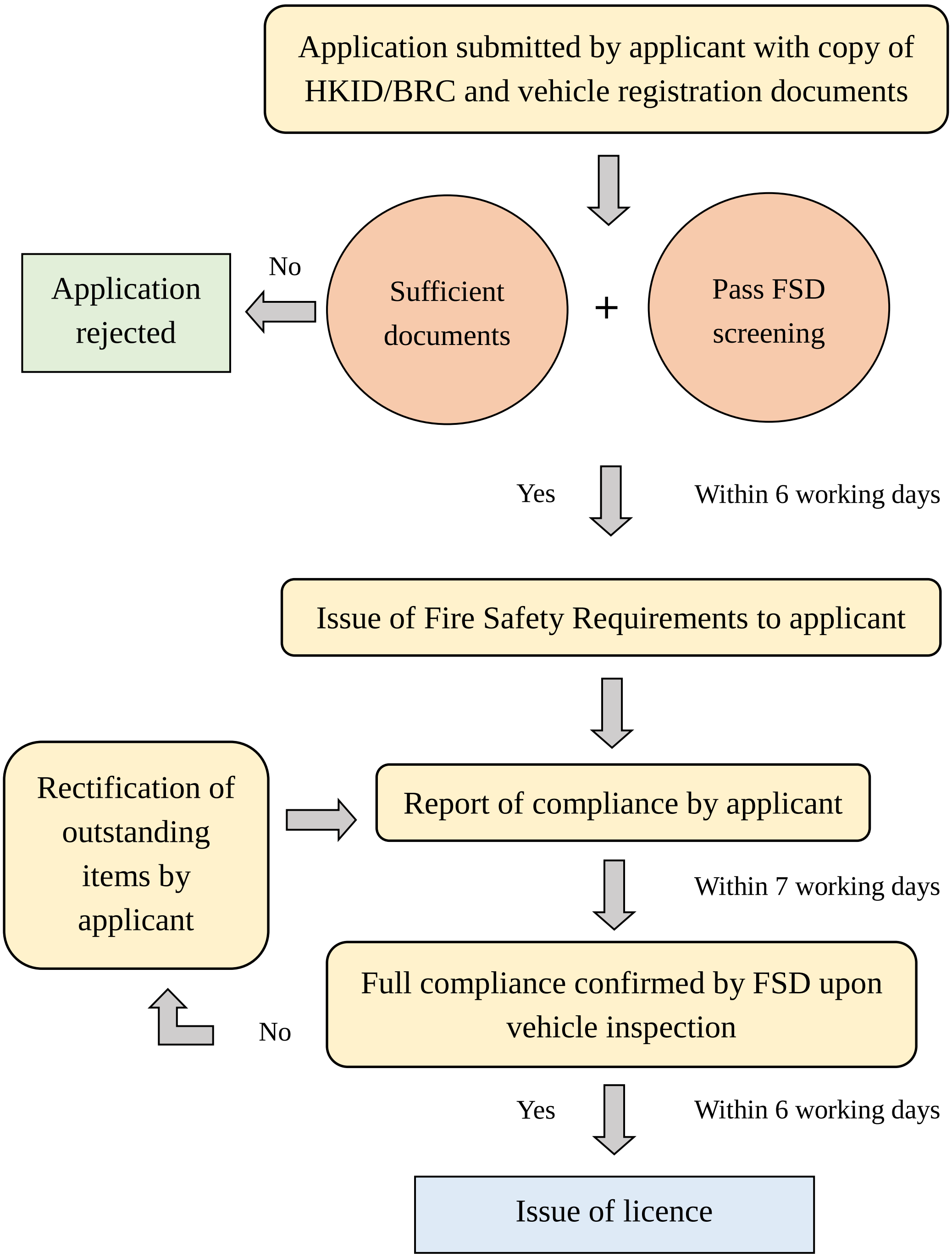
10. No smoking, no light (other than electric light) and no fire of any kind shall be permitted on or near the vehicle.

11. No person shall decant, or cause or permit to be decanted, any dangerous goods in Category 5 in any place other than a place authorised by the Authority.

12. No person shall use the vehicle for conveyance of dangerous goods on the occasion of breaching any of the licensing conditions resulted from damage by fire or in any accident. Such damage shall be reported to the Authority in writing by the licensee within 3 working days for re-inspection arrangement.

Appendix II

Flowchart Showing the Application Procedures for Dangerous Goods Vehicle Licence



Appendix III

Identification Disc of Dangerous Goods Vehicle

Sample identification disc of vehicle for conveyance of Category 2 (other than LPG) dangerous goods

(Photograph provided by FSD)

Sample identification disc of vehicle for conveyance of Category 5 dangerous goods

(Photograph provided by FSD)